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C O N F I D E N T I A L TEL AVIV 001561

SIPDIS

NEA FOR BURNS/SATTERFIELD  
EB FOR WAYNE  
NSC FOR ABRAMS/DANIN/KIFAYAT

E.O. 12958: DECL: 03/11/2014

TAGS: [KWBG](#) [EFIN](#) [KPAL](#) [IS](#) [COUNTERTERRORISM](#) [ISRAELI](#) [PALESTINIAN](#) [AFFAIRS](#)

SUBJECT: ISRAELI FIU LEFT OUT OF RAMALLAH BANK OPERATION

REF: A. TEL AVIV 1413

1B. TEL AVIV 1392

Classified By: Deputy Chief of Mission Richard LeBaron for reasons 1.4  
(b) and (d).

This message has been cleared by ConGen Jerusalem.

11. (C) Summary: The Director of the Israeli Money Laundering Prohibition Authority (IMPA), Yehuda Shaffer, told econoff on March 10 that the Israeli financial intelligence unit (FIU) was left out of the Shin Bet/IDF raid on the Palestinian banks on February 24. Shaffer claimed the FIU was only given information about the suspected accounts after the raid. Shaffer was confident that the raids were justified, however, he was disappointed that his unit was not allowed to contribute information until after the fact. Shaffer said if the GOI adopted provisions similar to the U.S. "PATRIOT Act," the Ministry of Justice could have seized the money from the correspondent accounts of the two banks in Israel, rather than conducting a military raid on the bank's branches in Ramallah. Shaffer reiterated his unit's willingness to work with the Palestinian Monetary Authority and he is awaiting word from the PA. End summary.

12. (C) In a meeting with the IMPA on March 10, the Director, Yehuda Shaffer, told econoff that contrary to many peoples' expectations, the FIU played no role in the lead-up to the IDF/Shin Bet raids in Ramallah two weeks ago. Shaffer said, according to information that he has received, the money seized by the raid was transmitted directly from Jordan to the accounts in the West Bank. Shaffer added that the money never passed through the Israeli banking system and therefore did not pass through the FIU's monitoring network. When asked whether IMPA was given a chance by the Shin Bet to confirm whether this was true, Shaffer responded that they were only given the account information after the raid. Shaffer said that this was a purely security service/military operation and therefore the IMPA was left out. Shaffer believed this was an unfortunate choice because it is possible that the IMPA could have traced other funds to the suspected accounts and provided greater information to the Shin Bet and the IDF. In Shaffer's opinion it is highly probable that some of the accounts in question have received funding through Israeli correspondent banks.

13. (C) Shaffer opined that even if the IMPA and Ministry of Justice played a larger role in this operation there was little they could have done to seize the funds in Israel, since the funds did not transit Israeli banks. Shaffer said that unlike the U.S., Israeli law prohibits the government from seizing funds from foreign banks' correspondent accounts. Shaffer said that had the GOI had terrorist financing legislation similar to the "PATRIOT Act" in effect, they could have seized the funds from the banks correspondent accounts in Israel, rather than by conducting a military style raid. Shaffer said that the GOI has been reluctant to enact such a law because of the potential sovereignty issues raised when a country seizes the assets of another country's banks. Shaffer remarked that "the U.S. can do it because nobody can afford not to do business with American banks, but Israel is only a little country." Shaffer said that from a law enforcement perspective he hopes that the U.S. will encourage Israel to adopt such a law.

14. (C) Econoff informed Shaffer that ConGen Jerusalem had passed his contact information to the Palestinian Monetary Authority (PMA). Shaffer said that he was happy to hear that the PA is interested in improving cooperation on terrorist financing and that he remains committed to helping them in any way possible. Shaffer said he has not heard from the PMA.

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